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ALEXANDER L. STEVAS,
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No. 82-690

In the Supreme Court of the United States

OCTOBER TERM, 1982

GENERAL MOTORS CORPORATION, PETITIONER

v.

UNITED STATES INTERNATIONAL TRADE COMMISSION, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT (FORMERLY THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS)

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

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QUESTION PRESENTED

Whether the Court of Customs and Patent Appeals correctly upheld the decision of the United States International Trade Commission finding the validity of a patent.

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OPINIONS BELOW

The opinion of the Court of Customs and Patent Appeals (Pet. App. 1a-17a) is reported at 687 F.2d 476. The opinion of the United States International Trade Commission (Pet. App. 22a-48a) is not reported. The recommended determination of the administrative law judge (Pet. App. 49a-87a) is not reported.

JURISDICTION

The judgment of the Court of Customs and Patent Appeals was entered on September 3, 1982. The petition for a writ of certiorari was filed on October 21, 1982. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATUTES INVOLVED

The pertinent provisions of the patent laws are set forth at Pet. 2-3. Section 337(a) of the Tariff Act of 1930, 19 U.S.C. 1337(a), provides:

> Unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, consignee, or agent of either, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States, are declared unlawful, and when found by the Commission to exist shall be dealt with, in addition to any other provisions of law, as provided in this section.

STATEMENT

On June 23, 1980, respondent Kuhlman Corporation (Kuhlman) filed a complaint with the United States International Trade Commission alleging that P. J. Wallbank Co., Ltd., of Canada (Wallbank) had violated Section 337 of the Tariff Act of 1930, 19 U.S.C. (& Supp. V) 1337, by the unauthorized importation or sale in the United States of spring assemblies covered by claims 1, 2, and 7-11 of United States Letters Patent 3,782,708 (the '708 patent, a product patent) and made in accordance with claims 1-37 of United States Letters Patent 3,866,287 (the '287 patent, a method patent).[1] On August 8, 1980, the Commission instituted an investigation into the unfair methods of competition and

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[1]The importation and sale of articles made by a method which, if practiced in the United States, would infringe a valid domestic patent, is unlawful under 19 U.S.C. 1337a.

unfair acts alleged in Kuhlman's complaint. 45 Fed. Reg. 52945 (1980). The named respondents were Wallbank, the sole foreign manufacturer of the subject assemblies, and petitioner General Motors Corporation (GM) and Ford Motor Corporation (Ford), users of the assemblies.

An evidentiary hearing was held before an administrative law judge, who made recommended findings of fact and conclusions of law to the Commission (Pet. App. 49a-87a).[2] On July 14, 1981, the Commission unanimously determined that there was a violation of 19 U.S.C. 1337(a) in the importation and sale of the spring assemblies (Pet. App. 22a-48a). As part of that determination, the Commission unanimously found that the '708 and the '287 patents were valid and infringed.

On appeal to the Court of Customs and Patent Appeals, GM[3] contested only the validity of the '708 (product) patent on the basis of obviousness and/or lack of invention, and the adequacy of the "best mode" disclosure in both the '708 and the '287 patents. The court unanimously affirmed the Commission's findings of fact and conclusions of law (Pet. App. 1a-17a).

ARGUMENT

The Court of Customs and Patent Appeals, as well as the Commission, correctly applied well-settled principles of patent law in upholding the validity of the '708 patent. Accordingly, further review by this Court is not warranted.

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[2]The recommended determination of the administrative law judge had no legal force or effect and did not constitute agency action. 19 C.F.R. 210.53, 210.54, 210.55. On June 10, 1982, the Commission adopted new regulations concerning the effect of an administrative law judge's findings and conclusions. Under the new rules, the administrative law judge's initial determination becomes the Commission determination within 30 days after service thereof, unless the Commission orders otherwise. 47 Fed. Reg. 25137 (1982) (to be codified at 19 C.F.R. 210.53(h)(1)).

[3]Wallbank and Ford did not join in the appeal.

1. In *Graham* v. *John Deere Co.*, 383 U.S. 1, 17-18 (1966), this Court set forth the analysis to be followed in determining whether a patent is obvious within the meaning of 35 U.S.C. 103:[4]

> Under § 103, the scope and content of the prior art are to be determined; the differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure, of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy.

The Commission meticulously followed the *John Deere* analysis. First, the Commission determined the scope and content of the prior art. Pet. App. 32a-41a. It then examined in detail the differences between the prior art and each claim of the '708 patent. *Ibid.* Against that factual background, it determined that the subject matter of the patent as a whole would not have been obvious to one of ordinary skill in the art at the time. *Id.* at 41a-42a. See 35 U.S.C. 103. Having reached that conclusion, the Commission reviewed

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[4]35 U.S.C. 103 provides, in pertinent part:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which [the] subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

the "secondary considerations," which further supported the nonobviousness of the claimed invention.

The Court of Customs and Patent Appeals concurred with the Commission's findings of fact and then made an independent legal determination, on the basis of those facts, that the claimed invention was not obvious. Pet. App. 14a-16a. The court did not reach the Commission's findings on secondary considerations for two reasons: first, the court's resolution of the primary inquiry provided a sufficient basis for its decision; in addition, petitioner had not challenged the weight that the Commission afforded the secondary factors. *Id.* at 16a n.12.

2. Petitioner mischaracterizes the decision of the Court of Customs and Patent Appeals in its effort to create an issue for this Court's review. Petitioner's main contention (Pet. 18-20) is that the court raised to "controlling significance": (1) the secondary considerations for assessing the obviousness or nonobviousness of a patent set forth in *Graham* v. *John Deere Co., supra,* and (2) the statutory presumption (35 U.S.C. 282) that a properly issued patent is valid. The court's opinion clearly shows that these contentions have no merit.

a. The court relied primarily on the inquiry set forth in *Graham* v. *John Deere Co., supra,* in determining that the claimed subject matter of the patent would not have been obvious to one of ordinary skill in the art at the time of the invention. As noted above, the court found it unnecessary to examine the "secondary considerations" in order to determine that the patent was not obvious. The only reference in the opinion to secondary considerations is found in a footnote at the end of the court's discussion of the obviousness issue (Pet. App. 16a n.12):

> We find it unnecessary to consider [petitioner's] challenges to the statements in appellee's brief with

> respect to the probativeness of appellee's evidence of commercial success, prior failures by others and the like. GM does not challenge the weight which the Commission gave to the evidence. Indeed, GM states that the Commission "wisely gave" the events "the matter-of-fact treatment they deserve."

In light of the opinion, the petitioner's allegation (Pet. 19) that the court raised secondary considerations to "controlling significance" is frivolous.

b. Similarly, the court did not place undue reliance on the presumption of validity to uphold the patent. Contrary to petitioner's contention (Pet. 19), the court did not regard the presumption of validity as dispositive. Rather, the conclusion of nonobviousness rests solidly, if not exclusively, on the court's analysis of the claimed invention in the context of the prior art and the level of ordinary skill in the art at the time of the invention (Pet. App. 10a-16a).

The court's opinion refers to the statutory presumption of validity only in response to petitioner's argument that the presumption was overcome by the presentation of evidence that the "Dooley disclosures" were not revealed to the patent examiner (Pet. App. 14a):[5]

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[5]The so-called "Dooley disclosures" involved a conversation between a GM buyer and Dulude, one of the co-inventors. Dooley, the GM buyer, told Dulude of the problem that GM was experiencing in assembling certain springs in automatic transmissions. Dooley also showed Dulude a nonfunctional concept model to illustrate the type of product that GM was seeking. Petitioner has unsuccessfully attempted to persuade the administrative law judge, the Commission, and the court that the "Dooley disclosures" qualify as prior art within the meaning of 35 U.S.C. 102. The administrative law judge and the Commission found that the "Dooley disclosures" did not qualify as prior art. The court found it unnecessary to decide the issue, because it would not have affected its conclusion that the claimed invention was nonobvious. Pet. App. 14a.

> Contrary to GM's interpretation of the effect of the statutory presumption of validity, 35 U.S.C. 282, it is well settled in this court that 'a patent shall be presumed valid and the burden of persuasion is and always will remain on the party asserting invalidity . . .' *Stevenson* v. *USITC, supra* at 115, 612 F.2d at 551, 204 USPQ at 281, citing *Solder Removal Co.* v. *USITC*, 65 CCPA 120, 582 F.2d 628, 199 USPQ 129 (1978).

The court's comment is clearly correct and, in fact, essentially paraphrases 35 U.S.C. 282, which provides that:

> A patent shall be presumed valid. * * * The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting [it].

Section 282 imposes the burden of going forward and the burden of persuasion on the party asserting invalidity. As the court stated in *Solder Removal Co.* v. *United States International Trade Commission*, 582 F.2d 628, 632 (C.C.P.A. 1978) (footnote omitted):

> The ALJ's conclusion, that the statutory presumption of validity, 35 U.S.C. § 282, does not exist when the most pertinent prior art was neither presented to nor considered by the PTO, is unsound. Rebuttal of the presumption may be more easily and more often achieved in reliance on prior art more pertinent than that considered by the examiner; but whether rebuttal is achieved requires careful consideration of whether the prior art relied upon does in truth render the claimed invention anticipated or obvious. Until that question is answered in the affirmative, the presumption is not rebutted and continues alive and well.

c. Petitioner erroneously contends (Pet. 19) that the Court of Customs and Patent Appeals "discarded" this Court's ruling on "synergism" as "incongruous." To the

contrary, the court stated that *petitioner's* position was incongruous (Pet. App. 15a). (Petitioner claimed that the Commission had erred in focusing on the end result of the invention; at the same time, petitioner advocated a synergistic analysis focusing solely on the end result).[6] The contention is without merit.

A synergistic analysis is appropriate only where there is a "combination patent," *i.e.*, a patent that claims a combination of elements all of which are found in the prior art. Petitioner acknowledges this. (Pet. 18-19). But the '708 patent is not a combination patent. The court found structural elements in the claimed invention that are not found in the prior art (Pet. App. 15a-16a; footnote omitted):

> This pair of limitations is not taught or suggested by the prior art. * * *
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> * * * * *
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> [W]e agree with the Commission that the claims are not overbroad and that the failure of the prior art to reflect an appreciation that a secure attachment can be achieved with no more than one turn leads to the conclusion that the claimed spring assembly of the '708 patent would not have been obvious.

Similarly, the Commission held (Pet. App. 41a-42a):

> The combination of prior art fails to teach the critical result of the invention: the secure mechanical attachment of compression springs to a metal stamping in such a way that they remain substantially parallel while

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[6] A synergistic result is commonly described as occurring when "[a] combination of [known] elements may result in an effect greater than the sum of the several effects taken separately." *Anderson's-Black Rock* v. *Pavement Salvage Co.*, 396 U.S. 57, 61 (1969).

> free and unconstrained. Messrs. Dulude and Winbigler not only achieved the critical result, but did so using less metal to secure the springs and engaging fewer coils of the springs than had previously been possible where a secure attachment was needed.

d. Petitioner failed to persuade either the Commission or the court of its view of the facts or the law. It is well settled that, absent the most exceptional circumstances, this Court will not review factual determinations on which the original tribunal and an appellate court have concurred. See *Branti* v. *Finkel*, 445 U.S. 507, 512 n.6 (1980); *United States* v. *Ceccolini*, 435 U.S. 268, 273 (1978); *Graver Tank & Manufacturing Co.* v. *Linde Co.*, 336 U.S. 271, 275 (1949). Moreover, in this case, even the findings of fact recommended by the administrative law judge overwhelmingly support the conclusion that the patent is valid. As the Commission noted (Pet. App. 43a):

> The ALJ found that there was a patentable invention; that a combination of all the prior art failed to teach the critical result of the invention; that the combination of prior art which worked was not predictable; and that the secondary considerations supported the patentability of the product. However, she found the patent invalid * * *.[7]

3. The Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25, established the Court of Appeals for the Federal Circuit as the sole forum for patent appeals, subject to review in this Court. The primary reason for the centralization of patent appeals was to eliminate inconsistent interpretations of patent law (H.R. Rep. No. 312, 97th

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[7]The administrative law judge's recommended finding of patent invalidity rested on a faulty premise, for the reasons stated by the Commission (Pet. App. 43a-45a) and affirmed by the court (*id.* at 14a-16a).

Cong., 1st Sess. 20-22 (1981)), thereby strengthening, "the United States patent system in such a way as to foster technological growth and industrial innovation." *Id.* at 20.[8] Congress believed that this would stimulate the innovative process and have important positive ramifications for the nation's economy. *Id.* at 23.

Petitioner cites *Stevenson* v. *United States International Trade Commission*, 612 F.2d 546 (C.C.P.A. 1979), and *Stevenson* v. *Grentec*, 652 F.2d 20 (9th Cir. 1981), cert. denied, No. 81-1185 (Apr. 26, 1982), for the proposition that a conflict exists between the former Court of Customs and Patent Appeals and the Ninth Circuit. Both of those cases involved the same patent, covering a kicktail skateboard. The Court of Customs and Patent Appeals found the patent valid, while the Ninth Circuit found it invalid. Those cases represent precisely the type of inconsistent adjudications of the same patent that Congress intended to eliminate in selecting the Federal Circuit as the sole appellate forum for patent litigation. See S. Rep. No. 97-275, 97th Cong., 1st Sess. 5 (1981); H.R. Rep. No. 97-312, 97th Cong., 1st Sess. 20-22 (1981). Thus, to the extent that the two *Stevenson* opinions conflict on issues of law, that conflict was resolved by Congress and will not recur. In any event, this Court specifically declined to resolve the *Stevenson* conflict when it denied certiorari in No. 81-1185 (Apr. 26, 1982). The same result should obtain here, where there are no inconsistent adjudications.

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[8]In addition, Congress sought to preclude the widespread "forum-shopping that characterizes litigation in this field," where the validity of a patent "is too dependent upon geography (*i.e.*, the accident of judicial venue)" (H.R. Rep. No. 97-312, *supra*, at 20, 22).

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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DECEMBER 1982

DOJ-1982-12